

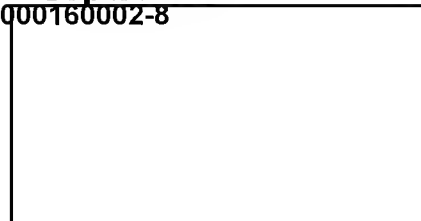


Director of
Central
Intelligence

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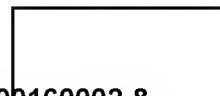


National Intelligence Daily (Cable)

25 January 1979

State Dept. review completed

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National Intelligence Daily (Cable)

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SITUATION REPORTS

IRAN

The military governor of Tehran announced last night that all Iranian airports will be closed until Sunday. The decision to close the airports indicates that negotiations between the military and the opposition have broken down.

The confusion yesterday over whether the airport in Tehran would be opened probably indicates that further negotiations were in progress during the day but reached no result.

Bakhtiar and the military may be trying to press Khomeini into accepting some power-sharing arrangement before he returns to the country. It is unlikely that Khomeini will change his position, and his entourage continues to insist that he will try to go to Iran on Friday.

If the military and Bakhtiar decide to stick by their decision and prevent Khomeini's return, we expect the opposition to respond with more demonstrations and strikes to force the government's downfall. Large demonstrations had already been planned for Friday to celebrate Khomeini's homecoming.

Bakhtiar continues to insist that he will not turn power over to Khomeini. The closure of the airports is likely to identify the Prime Minister further with the military and the Shah and reduce what little popular appeal Bakhtiar has.

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BRIEFS AND COMMENTS

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YUGOSLAVIA: Rivalries Continue

[REDACTED]
[REDACTED] *personal rivalries in the leadership remain acute and aspects of the collective rule system introduced by President Tito last October are in contention. The main protagonists--Stane Dolanc, secretary of the Presidium, and Vladimir Bakaric, the senior Croat in President Tito's inner circle--also differ on some basic policy issues.* [REDACTED]

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//At the party congress in June, Tito tapped Dolanc to run the ruling Presidium, thus strengthening his succession claim by elevating him to first among equals. Bakaric led the opposition to Dolanc's effort to establish himself as the preeminent candidate to succeed Tito in the party. The conflict led Tito to introduce the collective leadership scheme in the Presidium and to argue for its adoption throughout the party. Under the collective scheme, Tito appointed Branko Mikulic, a Bakaric ally, to head the Presidium in a rotational position as chairman for one year. [REDACTED]

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//Since the first of the year, Dolanc has made several speeches that emphasize a moderate approach to internal political dissent, which directly contravene Bakaric's position. Dolanc's failure to refer publicly to the new collective leadership principle may well mean he is playing to a reported wave of unhappiness in the regional parties over Tito's order to also introduce collective forums at that level. [REDACTED]

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While Tito's still in charge, there is little chance of a decisive resolution of the test of wills between Bakaric and Dolanc. Tito's ruling style is to keep his potential successors uncertain of their status and counterbalanced against each other. [REDACTED]

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MALTA: European Aid

//Libya, France, and Italy so far have failed to formulate a joint response to Malta's demand for economic aid after the scheduled British military withdrawal on 31 March. Meanwhile, the USSR again has indicated a strong desire to establish a presence in Malta.//

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//Italy, in particular, fears that continued lack of progress on a European aid package will encourage closer bilateral relations between Malta and Libya. Maltese Prime Minister Mintoff claims to have concluded "defense arrangements" with Libya. There is no evidence to support his claim--despite his frequent assertions that Libya is ready to come to his rescue. The US Embassy in Valletta, however, believes that negotiations may be in progress.//

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//During a recent meeting with French and Italian officials, Libyan officials reiterated their government's willingness to help Malta--through both project assistance and direct budgetary grants--and requested the Europeans to match this assistance. French law, however, forbids giving cash aid, and Italy can grant such aid only with parliamentary consent.//

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//The Soviets hope to expand access to port facilities on the strategically located island, but Mintoff's demands, including stringent controls on Soviet activity, have always been too high a price to pay. Earlier this month, a Soviet delegation visited Malta to discuss bunkering rights for Soviet commercial ships and landing rights for Aeroflot aircraft, as well as opening Malta to Soviet tourism, but the talks reportedly were inconclusive. Soviet access to Malta would be highly unpopular with the Maltese population and a public setback to Mintoff's much touted neutrality policy.//

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USSR: Reaction to State of Union Message

Initial Soviet media reaction to President Carter's State of the Union message mixes a largely straightforward and positive account of his remarks on the importance of US-Soviet cooperation and the necessity of SALT with familiar criticism of alleged US reliance on military force. TASS carried a relatively upbeat summary of the President's comments about SALT--consistent with other recent optimistic Soviet public assessments--but criticized his statement that he would not sign an agreement unless national security were thereby strengthened and US deterrent forces remain extremely strong.

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INDIA: Janata Party Unity

The appointment yesterday of former Home Minister Charan Singh as finance minister and deputy prime minister--a newly created post--reduces the threat of a split in the ruling Janata Party. Singh's open criticism of Prime Minister Desai's leadership had resulted in his ouster from the cabinet last June. Desai may have secured Singh's agreement to return to the cabinet by assuring him that the government will move ahead with plans to prosecute former Prime Minister Gandhi for excesses during her emergency rule. Singh had been highly critical of Desai's cautious approach toward Gandhi.

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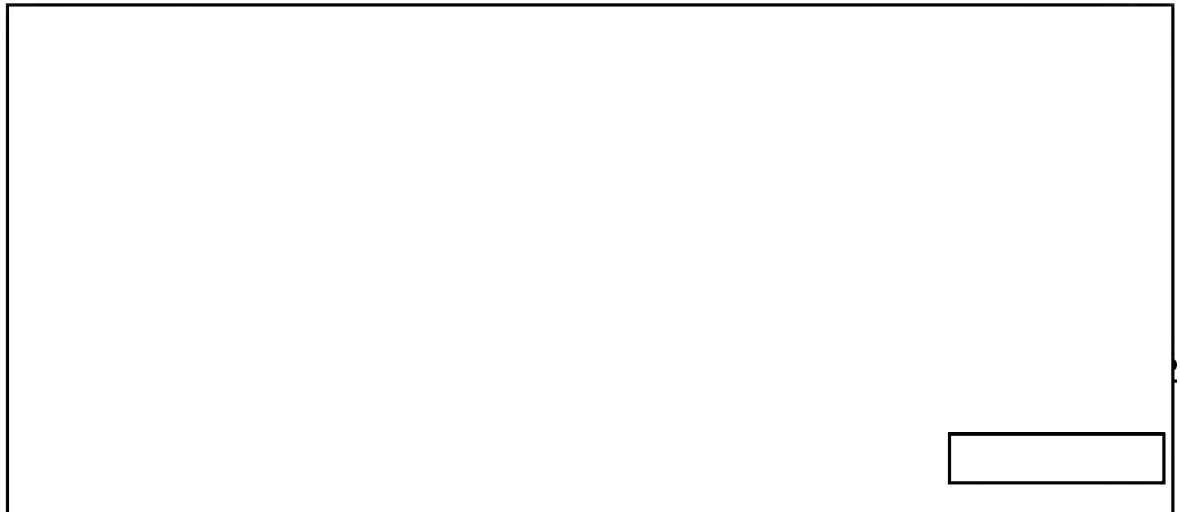
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EUROPEAN MONETARY SYSTEM: Dispute

//Implementation of the European Monetary System, originally scheduled for 1 January, remains stalled by a dispute over agricultural pricing policy. Although active consultations are continuing and there are some signs of compromise between France and West Germany, there have been few indications of movement toward even an interim solution. The UK has complicated the picture by calling for a fundamental reform of EC agricultural policy rather than the inflationary half-measures now in prospect. Most of the potential compromises reported in the press would postpone any basic decisions and probably would include some increase in EC-wide farm prices.//

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ARGENTINA-CHILE: Vatican Mediation

Vatican spokesman announced yesterday that the Holy See has agreed to mediate the Beagle Channel dispute between Argentina and Chile that last month nearly led to armed hostilities. No venue has been selected and a mediator is yet to be named. Antonio Cardinal Samore, whose shuttle diplomacy paved the way for Vatican mediation, appears to be the most likely candidate.

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SPECIAL ANALYSIS

SYRIA-IRAQ: A Temporary Alliance

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[REDACTED]

The three-month-old rapprochement between Syria and Iraq is the product of mutual concern over the Israeli-Egyptian peace process and the upheaval in Iran as well as the narrow tactical considerations of each side. Although a "unity" scheme between these two traditional rivals may come soon, it will be fragile and superficial. Both governments are deeply suspicious of each other and have rival pretensions for leadership in the eastern Arab world. [REDACTED]

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Limited political, economic, and military cooperation between the two is nonetheless likely as long as their short-term objectives outweigh their permanent national ambitions. Syrian President Assad and Iraqi President Bakr may announce agreement in principle to "unite" their two countries at a summit meeting in Damascus later this month. Jordan and the Palestine Liberation Organization may be invited to the final session or to an immediate postsummit conclave to make more credible Syria's military threat on Israel's eastern front. [REDACTED]

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There is little chance of a real integration of the two countries. Arab groups in Syria and Iraq have been rivals since the seventh century. Their long-standing inability to agree on sharing waters of the Euphrates River, for example, reflects their geopolitical difficulties. [REDACTED]

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Religious sectarianism also works against unity; a Sunni Muslim minority rules in Baghdad and an Alawite minority regime governs in Damascus. Many Syrians oppose a real rapprochement because they fear Iraqi political subversion. [REDACTED]

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Since Syria achieved independence in 1946, its foremost foreign policy concern has been to preserve national independence against threats from its neighbors. Syria

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has supported the idea of Arab unity but largely as a matter of its Baath Party's pan-Arab ideology. Iraq and Egypt have tried to exploit this tendency in order to dominate the Syrians. Syria joined the United Arab Republic with Egypt in 1958, signed a never-implemented federation agreement with Egypt and Iraq in 1963, and joined the Confederation of Arab Republics initiated by Egypt and Libya in 1971. None stood the test of time.

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[REDACTED]

The Camp David accords and developments in Iran are the most important, but not the only, current sources of affinity between Syria and Iraq. The Syrians are also attracted by Iraq's oil wealth and view Iraq's armed forces as a possible reserve that could enhance Syria's military credibility and its ability to obtain concessions from Israel in future negotiations. Iraq sees ties with Syria as the first step toward playing a stronger role in Arab affairs and toward minimizing Soviet and domestic Communist influence in the region. Iraq also is concerned about unrest spilling over from Iran. [REDACTED]

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The various joint committees created in the past two months to pave the way for unity apparently have made little progress in the key areas of party, military, intelligence, and security matters. Both sides want Israel to feel increased military pressure, and thus are likely to hammer out some arrangement for closer military coordination. The possibilities include:

- The formation, at least on paper, of a joint military command.
- A token Iraqi military presence in Syria, possibly on the Golan Heights.
- Contingency planning for deployment of an Iraqi force to Syria. [REDACTED]

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The economic results of the rapprochement to date have been mixed. Transportation services have been resumed, restrictions on border crossing lifted, and new commercial and trade contracts signed. Disagreement over distributing waters controlled by Syria through the Tabaqah Dam on the Euphrates River, however, may

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continue to block the reopening of the Iraq Petroleum Company pipeline that runs through Syria to the Mediterranean. [REDACTED]

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Despite their congruent views toward Camp David, the two countries have made little apparent progress in the area of political cooperation. The two international wings of the Baath Party could be reunited in a scheme to stress Arab solidarity at the coming summit meeting, but the depth of the personal antagonisms and ideological differences between the two sides would make such a move only cosmetic. The national leaders of Iraq and Syria will, in any event, retain ultimate control of all political activity in their respective countries.

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